

Review questions:

(1) John wants to open a bank account. There are two options for him. Find the **interest** for each account. He will keep his money in the account for 7 months in both, and the rate is 4% for both.

$$P = \$1000$$

- (a) Account #1 earns simple interest
- (b) Account #2 earns compound interest, compounded monthly (*remember, find the interest*)
- (c) Which one earns MORE interest? How much more?

(2) Same situation as #1. Two accounts, find the interest for each. This time, he wants to keep the money there for 5 years. Rate still 4%. $P = \$1000$

- (a) Account #1 earns simple interest
- (b) Account #2 earns compound interest, compounded monthly (*remember, find the interest*)
- (c) Which one earns MORE interest? How much more?

(3) Same situation as #1. Two accounts, find the interest for each. He still wants to keep the money there for 5 years. Rate still 4%. $P = \$1000$

- (a) Account #1 earns simple interest
- (b) Account #2 earns compound interest, compounded daily (*remember, find the interest*)
- (c) Which one earns MORE interest? How much more?

(4) Jimmy wants to open a simple interest account. He has \$500 to start with, and will keep the money in there for 18 months. The rate is 3.78%.

(a) How much interest will he earn?

(b) How much will be in his account (total) after the 18 months?

$$P = \$700$$

(5) Suzy wants to open a compound interest account, compounded weekly. She will keep the money there for 6 years. The rate is 5.25%.

(a) How much will be in her account at the end?

(b) How much interest will she earn?